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SUBJECT: FORMERLY POWERFUL, GOLKAR PARTY FALLS ON HARD TIMES

REF: JAKARTA 1277 AND PREVIOUS

Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

¶1. (C) SUMMARY: The Golkar party, preeminent during the Suharto period and influential after, has fallen on hard times. Performing extremely poorly in recent elections, party fractures have deepened and the party faces a leadership fight, as well as growing tensions between an old guard and Young Turks. Golkar holds a national meeting next week to debate its future, including whether the party might try to join President Yudhoyono's governing coalition. Without firm leadership or vision, it seems unlikely that Golkar will be able to compete with the President's Partai Demokrat, which has supplanted Golkar as the country's most influential secular-oriented party. END SUMMARY.

HARD TIMES

¶2. (SBU) For almost forty years Golkar has been in power, including in the current administration with Jusuf Kalla serving as vice president. It has fallen on hard times this election year, however. First, in the April legislative election, the party's support collapsed from over 21 percent in 2004 to only 14 percent. Second, in the July Presidential election, Vice President Jusuf Kalla was overwhelmed by President Yudhoyono, netting only 12 percent of support versus the President's 61 percent. The once proud party is struggling to come to terms with these devastating setbacks.

INTERNAL FRACTURES

¶3. (C) Internal power struggles have fractured Golkar for some time. The electoral setbacks have now led the Golkar leadership to split into at least two power centers as the party faces the end of Kalla's term as leader (after his embarrassing defeat, Kalla has basically thrown in the towel in terms of having supreme influence in Golkar). A group of senior members referred to as the "Three A's" has opposed Kalla's leadership from within. Two of the "A's", Agung Laksono, current Speaker of the Parliament and Golkar Deputy Chairman, and Akbar Tanjung, previous Golkar Chair, support the third, "A," Aburizal Bakrie, as future Golkar chair. Bakrie is Coordinating People's Welfare Minister and heads the Bakrie Group, one of Indonesia's ten largest business conglomerates. He is also close to President Yudhoyono.

¶4. (C) Beyond the Three A's, a separate camp is led by Golkar Advisory Board Chair and media magnate Suraya Paloh, Bakrie's main challenger for the Golkar Chair. At this point, Bakrie is the favorite to win the Chair position.

YOUNG TURKS OR OLD GUARD?

15. (C) There are also old guard/Young Turk tensions. The old guard candidates above face a younger rival in Golkar legislator Yuddy Chrisnandi, who argues that it is time that the next generation (that he says he represents) revitalizes Golkar. Yuddy has assembled an impressive team of support. Yuddy's campaign to add more young Golkar voices to the upper echelons resonates with many Golkar members, and leaders plan to suggest a board comprised of 60 percent younger (under 50 years old) members and 40 percent senior leaders. Yuddy--who is fighting off a bit of an erratic reputation--declared (somewhat vaguely) that if he was chair, he would "fight for populist issues" in order to transform Golkar's staid image.

UPCOMING MEETINGS TO DECIDE PARTY'S DIRECTION

16. (C) The meeting to choose the next Golkar chair was slated to take place in December 2009. However, in the wake of Kalla's defeat, members have called for it to take place before the new Parliament is sworn in on October 1. In advance of that, Golkar may make some key leadership decisions at its Executive Board meeting on August 12. Party leaders would like to have new leadership in place as soon as possible in order to determine whether to join the second Yudhoyono coalition or stay in an opposition bloc with former president Megawati's Indonesian Party of Democratic Struggle.

SUPPLANTED BY PRESIDENT'S PARTY, BUT STILL INFLUENTIAL

17. (C) It seems unlikely that Golkar will be able to compete with the President's Partai Demokrat (PD), which has all the momentum and is attracting widespread support in the wake of

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its huge victories. PD has supplanted Golkar as the country's most influential secular-oriented party and is now the largest party in Parliament.

18. (C) Golkar is still influential (it will be the second-largest party in the next Parliament), but, without new leadership and new vision, the party's future is not bright. Known as the party of money politics and backroom deals, the party is not offering much of a vision for Indonesia, which is a young country (according to the CIA Factbook, for example, the median age in Indonesia is 27 years; the U.S. median age is almost 37 years). Some party members like Chrisnandi have many ideas on how the party can reform, but, at this point, they don't seem poised to take over the party anytime soon.

HUME